

**THE HON'BLE SRI JUSTICE
GODA RAGHURAM**

W.P.No. 19191 of 1995

20-06-2007

Between:

K. Sundararamam and three others.

Petitioners

And

A.P. Electronics Development Corporation Limited,
Rep., by its Vice Chairman & Managing Director,
Parishrama Bhavan, Basheerbagh, Hyderabad.

Respondents

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Oral Order:

Heard Sri Vedula Venkata Ramana, learned counsel for the petitioner and of Sri T. Nageswarasree, learned counsel for the respondent.

The petitioners were working as General Managers in the respondent-Corporation, a State Government undertaking. The staff structure of the respondent is substantially similar to that of the Andhra Pradesh Industrial Development Corporation (for short the APIDC'),

which was the holding company of the respondent-Corporation. Consequently, the pay scales and other service benefits to its officers and employees follow the pattern in APIDC.

The respondent-Corporation revised the scales of pay to its employees and officers with effect from 01-08-1987 and approved payment of arrears with effect from 01-07-1986. As arrears on account of the revision of pay scales of 1987 were paid to all other employees and officers, but not to the General Managers, the petitioners are before this Court seeking appropriate relief.

The respondent is now under the process of voluntary winding up since September, 2002 and an official Liquidator now represents the respondent. In a counter affidavit, the official Liquidator states that all the employees and officers of the respondent-Corporation were relieved from service under the voluntary retirement scheme and no employee is working as on date. There is also no Managing Director or Vice Chairman and Managing Director as of now. The counter denies the liability asserted in the writ petition.

According to the counter affidavit, the respondent-Corporation is not bound by the revision of pay scales, payment of arrears or any other benefits conferred on employees as given either by the State Government or by any other State Government undertaking. It is entitled to take independent decisions. According to the respondent

in G.O.Ms.No.288 Finance & Planning (Fin.Wing. Prc-I) Department dated 17-11-1986, the State Government implemented the revised pay scales of 1986 to all government employees and the employees of State Government undertakings, also issued guidelines to all public enterprises in the State calling upon them to adopt the revised pay scales. This was in G.O.Ms.No. 195 Gen., Admn., (PE-I) Department dated 01-05-1987. The guidelines in this regard are that the public enterprises will be eligible to implement the revised pay scales of 1986 provided the existing pay scales are identical to those existing in the Government, provided the concerned public enterprise is making profits and would not end up in losses by implementing the revised pay scales.

Eventually, the Board of the Respondent-Corporation at a meeting held on 20-06-1987 decided to follow the pattern of the APIDC and to grant the benefit of revised pay scales of 1986 to its employees with effect from 01-07-1986 for all grades except for Deputy General Managers and General Managers. This was so since the pay scales of these categories in the APIDC were pending consideration. The pay scales for Officers up to the rank of Managers was also revised with effect from 01-07-1986 by an office order dated 01-08-1987. All employees up to the rank of Manager were paid arrears on implementation of the revision of pay scales.

For the category of Deputy General Managers and

General Managers, however revision of pay scales were not implemented, but they were paid Rs.300-00 per month as interim relief pending revision of pay scales with effect from 01-07-1986. Subsequently, interim relief for the cadre of Deputy General Manager was increased to Rs.700-00 with effect from 01-07-1986 pending revision of pay scales. This was by an order dated 30-08-1988. Arrears on this account were also paid.

While so, the APIDC increased the payment of interim relief from Rs.700-00 to Rs.1200-00 pending revision of pay scales and the respondent Corporation followed suit and granted interim relief of Rs.1200-00 per month with effect from 01-05-1990.

The State Government in a letter dated 28-05-1992 consented to the Corporations' proposal to implement revision of pay scales to Deputy General Managers and General Managers categories also. Accordingly, the pay scales of General Managers and Deputy General Managers were revised with effect from 01-07-1986 by an office order dated 29-05-1982. It was however made clear that they were not to be paid any arrears.

On account of the persistent demands by the petitioners, the Board of the respondent Corporation on 26-06-1992 approved payment of arrears on par with the officers of APIDC with effect from 01-07-1986. Later on at the 60th Board meeting held on 07-12-1992, the Board on realizing the financial impact of the earlier decision dated

26-06-1992 and the fact that the Corporation is in continuous losses, decided to pay 1/3rd of the arrears amount towards full and final settlement. The respondent-Corporation accordingly paid 1/3rd of the arrears and the petitioners received the same without any protest. At the 61st Board meeting dated 30-03-1993, the petitioners' further request was considered and the Board of the respondent-Corporation decided to review its decision after the respondent-Corporation earned profits. This never happened. The Corporation continued to incur losses and eventually a decision was taken to wind up Corporation voluntarily.

According to the respondent, in the above circumstances, the Corporation is not in a position to pay the petitioners the balance 2/3rd of arrears nor is there any obligation to do so. The petitioners have no case is the categorical assertion of the respondent-Corporation.

The petitioners do not contest the aforementioned assertions by the Corporation nor the fact that the respondent is now under the process of winding up. As the petitioners have failed to make out a legal basis for their claim for payment of the balance 2/3rd of arrears on account of the revision of pay scales with effect from 01-07-1986, no case is made out for grant of any relief in this writ petition.

The writ petition is accordingly dismissed. There

shall however be no order as to costs.

GODA RAGHURAM, J

Dated: 20-06-2007
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